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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)

PEMCO LIFE INSURANCE)
COMPANY,)

An Authorized Insurer.)
_____)

No. D07-287 ✓

**CONSENT ORDER
IMPOSING A FINE**

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority provided in RCW 48.01.020, RCW 48.02.080, and RCW 48.05.185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT:

1. PEMCO Life Insurance Company ("PEMCO Life" or "the Company") is authorized to transact the business of insurance in Washington State and, therefore, is subject to Title 48 RCW and Chapter 284 WAC. PEMCO Life issues life and disability insurance.
2. By letter dated February 13, 2007, PEMCO Life notified the Office of the Insurance Commissioner that, on October 27, 2006, PEMCO Life's Board of Directors declared an ordinary cash dividend to its parent company, PEMCO Mutual Insurance Company, and that the dividend was paid on November 16, 2006.
3. The February 13, 2007 notice was the first time the Office of the Insurance Commissioner was informed about the dividend declaration and payment.

Based upon the foregoing Findings of Fact, the Insurance Commissioner makes the following:

CONCLUSIONS OF LAW:

1. PEMCO Life violated RCW 48.31B.025(5) by failing to report to the Insurance Commissioner all dividends and other distributions to shareholders within five business days after their declaration and at least fifteen business days before payment.



2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority.

CONSENT TO ORDER:

PEMCO Life, acknowledging its duty to comply fully with the laws of the State of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of PEMCO Life's payment of a fine on such terms and conditions as are set forth below:

1. PEMCO Life consents to the entry of the Order and waives further administrative or judicial challenge to the Office of the Insurance Commissioner's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, PEMCO Life agrees to pay to the Office of the Insurance Commissioner a fine in the amount of \$2,000.00 (Two Thousand Dollars); and
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of PEMCO Life's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

Executed this 30th day of July, 2007.

PEMCO LIFE INSURANCE COMPANY

By: Hugh M. McGough
Hugh McGough
General Counsel

ORDER:

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner orders as follows:

1. PEMCO Life Insurance Company is ordered to pay a fine in the amount of \$2,000.00 (Two Thousand Dollars).

Consent Order Imposing a Fine

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2. PEMCO Life Insurance Company's failure to pay the fine within the time limit set forth above shall constitute grounds for the Company's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

Executed this 31ST day of JULY, 2007.

MIKE KREIDLER
Insurance Commissioner

By: 

Thomas P. Rowland
Staff Attorney
Legal Affairs Division